

Myth #7: A change in the rules at this date would be unfair to other bidders

- ◆ Pre-auction FCC rule permits restructuring of payment obligations (Section 1.2110(e)(4)(ii)).
- ◆ Parties whose models valued spectrum the highest would have won regardless of what rules were in effect at the time of the auction.
- ◆ Many bidders left the auction with standing high bids that would not be financeable in today's market, e.g., GO Communications \$58.24 net per POP bid for Miami, North Coast Mobile \$52.45 net per POP bid for New York, and U.S. AirWaves \$38.46 net per POP bid for Dallas.
- ◆ C Block auction winners made down payment of \$1.02 billion.

Myth #8: C-block licensees reap disproportionate benefits in a restructuring

- ◆ Statutory limitation on ability to dilute control group interests (Sec. 24.709).
- ◆ NextWave on record in support of rule changes that would permit dilution of control group interests so long as control group has *de facto* control.
 - Reply Comments of NextWave Telecom Inc., In re Broadband PCS C and F Block Installment Payment Restructuring, WT Docket No. 97-82 (July 7, 1997).
 - Comments of NextWave Telecom Inc., In re Broadband PCS C and F Block Installment Payment Restructuring, WT Docket No. 97-82 (July 23, 1997).
 - Reply Comments of NextWave Telecom, In the Matter of Amendment of Part 1 of the Commission's Rules -- Competitive Bidding Proceeding, WT Docket No. 97-82 (April 16, 1997).

Myth #9: Revision of bankruptcy laws is necessary to protect the integrity of the auctions.

- ◆ Change in bankruptcy laws would further complicate financing opportunities at a time when financing for new entities already is scarce.
- ◆ It is ironic that many parties who argue that rules should not be changed also argue for changes in the bankruptcy laws themselves.

Myth #10: Restructure would compromise the integrity of the auction process

- ◆ The Commission has performed incredibly well in conducting auctions, but the enormity of the process assures that all the consequences of the work done to date were not foreseen and adjustments should be made as circumstances warrant.
- ◆ Specifically, the full consequences of the FCC's three roles as regulator, auction house and banker (in the installment payment context) were not fully understood.

The Truth of the Matter:

“Winning [C Block] bidders fashioned bids in accordance with the best information available at the time. Subsequent unforeseen and unforeseeable events, however, conspired to diminish the value of the licenses and close the financing window for start-up PCS ventures. The major event was collapse in market value for radio licenses.”

- Larry Darby, Darby Associates, 7/21/97 (emphasis added)

The Truth of the Matter:

“NEW YORK, June 20 (Reuter) - Chase Telecommunications Inc's \$160 million junk bond deal was indefinitely postponed late on Thursday as investors continued to turn a cold shoulder to startup telecom companies, according to a source close to the deal.”

– Reuters, June 20, 1997 (emphasis added).

The Truth of the Matter:

“To the extent that the C Block delays continue, it is a boon to incumbent operators, as the competitive landscape will not become as heated as quickly as anticipated.”

– Jeffrey L. Hines, NatWest Securities, 6/30/97

The Truth of the Matter:

“Omnipoint should also benefit if the terms [of the Government financing] are not changed because some of its competition would come even later, if ever, to the market.”

– Richard Prentiss, Raymond James and Associates,
7/8/97

The Truth of the Matter:

“The continued delays in C Block financing are a positive for both cellular and PCS: (1) it delays a new entrant and (2) any reduction/easing of terms will create a less desperate competitor and therefore maintain a more rational market. This particularly extends the lead enjoyed by existing PCS players such as Omnipoint, Western Wireless, and Aerial.”

– Thomas J. Lee, Smith Barney, 7/11/97

Conclusion

- ◆ There is a win/win solution for competition and taxpayers.
- ◆ Rescheduling keeps government whole.
 - Ability to ensure taxpayer and competition
- ◆ Limitations of a Reauction

Appendix 1: License Concentration

License Concentration of Cellular/PCS Licensees by POPs

Company	Type of Carrier	Total PCS POPs	Cellular POPs	Total POPs	Percent of Total	Cumulative Total	Total Wireline POPs		
							Wireline POPs	Percent of Total	Cumulative Total
AT&T	Wireline	258,539,720	104,790,396	363,330,116	19.96%	19.96%	363,330,116	19.96%	19.96%
Sprint	Wireline	279,542,834	-	279,542,834	15.36%	35.32%	279,542,834	15.36%	35.32%
PCS PrimeCo	Wireline	61,812,211	149,979,864	211,792,075	11.64%	46.96%	211,792,075	11.64%	46.96%
NextWave	Non-Wireline	163,011,126	-	163,011,126	8.96%	55.92%	-	0.00%	46.96%
Omnipoint	Non-Wireline	131,044,147	-	131,044,147	7.20%	63.12%	-	0.00%	46.96%
Western Wireless	Non-Wireline	80,073,531	6,511,543	86,585,074	4.76%	67.87%	-	0.00%	46.96%
BellSouth	Wireline	26,029,599	54,986,809	81,016,408	4.45%	72.33%	81,016,408	4.45%	51.41%
GTE	Wireline	2,091,774	77,435,326	79,527,100	4.37%	76.69%	79,527,100	4.37%	55.78%
Southwestern Bell	Wireline	9,185,124	55,397,316	64,582,440	3.55%	80.24%	64,582,440	3.55%	59.33%
ALLTEL	Wireline	31,480,277	25,089,303	56,569,580	3.11%	83.35%	56,569,580	3.11%	62.44%
TDS/Aerial	Wireline	25,847,991	25,279,238	51,127,229	2.81%	86.16%	51,127,229	2.81%	65.25%
Ameritech	Wireline	8,181,622	31,717,797	39,899,419	2.19%	88.35%	39,899,419	2.19%	67.44%
Pocket	Non-Wireline	35,114,380	-	35,114,380	1.93%	90.28%	-	0.00%	67.44%
PacTel	Wireline	33,854,632	-	33,854,632	1.86%	92.14%	33,854,632	1.86%	69.30%
InterCel	Non-Wireline	32,081,732	-	32,081,732	1.76%	93.91%	-	0.00%	69.30%
U S West	Wireline	22,182,428	-	22,182,428	1.22%	95.12%	22,182,428	1.22%	70.52%

The top 3 wireline companies own nearly half of the available POPs in the U.S.

And, more than 70% of the available POPs in the U.S. are controlled by 11 wireline companies.

Source: FCC data and Donaldson, Lufkin & Jenrette Report, The Wireless Communications Industry (Spring 1997).

License Concentration of Cellular/PCS Licensees by Markets

1996			Cellular Carriers		PCS Carriers					
Rank	Market Name	POPs	A	B	A	B	C	D	E	F
1	New York, NY	18,400,203	AT&T	BANM	OMPT	SPRINT	NextWave	OMPT	AT&T	NorthCoast
2	Los Angeles, CA	15,679,293	LA Cellular	AirTouch	SPRINT	PACTEL	NextWave	AT&T	Gabelli	Gabelli
3	Chicago, IL	8,467,720	SBM	AMERITECH	AT&T	PRIMECO	Pocket	SPRINT	SPRINT	NextWave
4	San Francisco, CA	6,842,466	AT&T	GTE	SPRINT	PACTEL	GM	AT&T	Western	NextWave
5	Philadelphia, PA	5,984,423	Comcast	BANM	AT&T	SPRINT	OMPT	Comcast	Gabelli	NextWave
6	Dallas, TX	4,828,566	AT&T	SBM	PRIMECO	SPRINT	Pocket	AT&T	AT&T	NextWave
7	Detroit, MI	4,785,173	AirTouch	AMERITECH	AT&T	SPRINT	Pocket	NextWave	OMPT	OMPT
8	Houston, TX	4,598,155	AT&T/BELLSOUTH	GTE	AERIAL	PRIMECO	NextWave	SPRINT	AT&T	Telecorp
9	Washington, DC	4,410,587	SBM	BANM	SPRINT	AT&T	NextWave	Gabelli	OMPT	Gabelli
10	Boston, MA	4,177,962	SBM	BANM	AT&T	SPRINT	NextWave	OMPT	OMPT	NorthCoast
11	Atlanta, GA	3,763,994	AirTouch	BELLSOUTH	AT&T	InterCel	GM	SPRINT	ALLTEL	NextWave
12	Miami, FL	3,577,306	AT&T	BELLSOUTH	SPRINT	PRIMECO	GM	AT&T	OMPT	OMPT
13	Minneapolis, MN	3,063,561	AT&T	AirTouch	SPRINT	AERIAL	NextWave	U S WEST	AT&T	NorthCoast
14	Seattle, WA	3,055,225	AT&T	AirTouch	Western	SPRINT	NextWave	AT&T	Western	Western
15	Cleveland, OH	2,940,521	AirTouch	GTE	AMERITECH	AT&T	NextWave	SPRINT	Western	NorthCoast
16	St Louis, MO	2,807,363	AMERITECH	SBM	AT&T	SPRINT	Pocket	OMPT	Western	NextWave
17	Phoenix, AZ	2,720,380	BANM	AirTouch	AT&T	SPRINT	REACTION	U S WEST	Western	Western
18	San Diego, CA	2,679,864	GTE	AirTouch	SPRINT	PACTEL	NextWave	AT&T	Gabelli	Central OR
19	Baltimore, MD	2,552,338	SBM	BANM	SPRINT	AT&T	NextWave	Gabelli	Gabelli	OMPT
20	Pittsburgh, PA	2,517,972	AT&T	BANM	SPRINT	AERIAL	NextWave	AT&T	Radiofone	Devon
21	Tampa, FL	2,394,524	AT&T	GTE	AERIAL	PRIMECO	NextWave	SPRINT	BELLSOUTH	Telecorp
22	Denver, CO	2,386,290	AT&T	AirTouch	SPRINT	Western	NextWave	AT&T	U S WEST	Radiofone
23	Cincinnati, OH	2,091,774	AirTouch	AMERITECH	AT&T	GTE	NextWave	SPRINT	CINCINNATI BELL	Western
24	Portland, OR	1,945,500	AT&T	AirTouch	Western	SPRINT	NextWave	AT&T	U S WEST	Magnacom
25	Kansas City, MO	1,930,633	AT&T/AirTouch	SBM	SPRINT	AERIAL	NextWave	ALLTEL	AT&T	DCC
26	Charlotte, NC	1,861,677	BANM	ALLTEL	AT&T	BELLSOUTH	NextWave	SPRINT	ALLTEL	AirGate
27	Sacramento, CA	1,832,812	AT&T	AirTouch	SPRINT	PACTEL	GM	AT&T	WEST COAST	NextWave
28	Milwaukee, WI	1,799,556	BELLSOUTH	AMERITECH	SPRINT	PRIMECO	Indus. Inc.	AT&T	Western	NextWave
29	Norfolk, VA	1,785,196	360 Comm.	GTE	AT&T	PRIMECO	NextWave	SPRINT	Western	OMPT
30	San Antonio, TX	1,728,049	AT&T	SBM	SPRINT	PRIMECO	NextWave	Western	AT&T	OMPT
31	Nashville, TN	1,591,314	GTE	BELLSOUTH	SPRINT	AT&T	Chase	InterCel	InterCel	OMPT
32	Columbus, OH	1,574,030	AirTouch	AMERITECH	AT&T	InterCel	NextWave	SPRINT	SPRINT	NorthCoast
33	Providence, RI	1,505,903	SNET	BANM	AT&T	SPRINT	NextWave	ACC	NorthCoast	OMPT
34	Salt Lake City, UT	1,497,885	AT&T	AirTouch	Western	SPRINT	PCS 2000	AT&T	U S WEST	NextWave
35	Memphis, TN	1,471,561	GTE	BELLSOUTH	InterCel	SBM	Chase	SPRINT	ALLTEL	Telecorp
36	Orlando, FL	1,447,059	AT&T	BELLSOUTH	AERIAL	PRIMECO	NextWave	SPRINT	AT&T	Telecorp
37	Louisville, KY	1,428,320	GTE	BELLSOUTH	AT&T	SPRINT	NextWave	InterCel	InterCel	Mercury PCS
38	Indianapolis, IN	1,420,258	BELLSOUTH	GTE	SPRINT	AMERITECH	NextWave	AT&T	OMPT	21st Century
39	New Orleans, LA	1,396,435	Radiofone	BELLSOUTH	SPRINT	PRIMECO	Pocket	AT&T	AT&T	Telecorp
40	Oklahoma City, OK	1,368,004	AT&T	SBM	Western	SPRINT	NextWave	Triad	AT&T	DCC
41	Greensboro, NC	1,330,742	GTE	360 Comm.	AT&T	BELLSOUTH	NextWave	SPRINT	ALLTEL	AirGate
42	Birmingham, AL	1,270,221	GTE	BELLSOUTH	SPRINT	InterCel	Mercury PCS	ALLTEL	AT&T	OMPT
43	Raleigh, NC	1,261,166	GTE	360 Comm.	AT&T	BELLSOUTH	Urban	SPRINT	ALLTEL	ComScape
44	Buffalo, NY	1,234,670	SBM	BANM	SPRINT	AT&T	OMPT	Gabelli	REACTION	Devon
45	Dayton, OH	1,218,672	AMERITECH	AirTouch	AT&T	GTE	NextWave	SPRINT	Western	Devco
46	Jacksonville, FL	1,208,139	AT&T	BELLSOUTH	InterCel	PRIMECO	NextWave	SPRINT	ALLTEL	Southern Wireless, L P
47	Richmond, VA	1,191,504	BELLSOUTH	GTE	AT&T	PRIMECO	NextWave	SPRINT	Western	Urban
48	Rochester, NY	1,153,214	SBM	BANM	SPRINT	AT&T	OMPT	OMPT	AT&T	NorthCoast
49	Hartford, CT	1,121,164	BANM	SNET	OMPT	SPRINT	Gabelli	AT&T	AT&T	NorthCoast
50	Albany, NY	1,057,180	SBM	BANM	OMPT	SPRINT	NextWave	AT&T	ACC	Viel

Wireline companies own 79% of the cellular licenses and 87% of the A- and B-block PCS licenses in the top 50 markets
In total, wireline companies own 57 percent of the cellular/PCS licenses in the top 50 markets

Source: FCC data and Donaldson, Lufkin & Jenrette Report. *The Wireless Communications Industry* (Spring 1997)

Appendix 2: Analyst Reports

SMITH BARNEY INC.
FROM: BROCE BARGE

THOMAS J. LEE

Comments on WSJ article on FCC changes to C-block payments; not a surprise

07/11/97 Mobile Communication Systems (U.S. ONLY) THOMAS J. LEE

SUGGEST:

* According to WSJ article today, the FCC is expected to announce changes for the C-block PCS licensees from quarterly to annual interest payments

* The change in our opinion is not a surprise given the FCC previously

"indefinitely" delayed quarterly payments on the debts

* This does little to address the critical challenge facing C-block

holders - their high prices paid makes financing nearly impossible

Net-net: the continued delays in C-block financing are a positive for both

cellular and PCS: (1) it delays a new entrant and (2) any reduction/easing

of terms will create a less desperate competitor and therefore maintain a

more rational market. This particularly extends the lead enjoyed by

existing PCS players such as Omnipoint (OMPT-25, target \$31),

Western Wireless (WVCA-25, target \$29) and Aerial (AERL-35, target \$14)

07/11/97 Mobile Communication Systems (U.S. ONLY) THOMAS J. LEE

OPINION:

According to an article in the Wall Street Journal today, the FCC is expected to announce changes in interest installment payments for the C-block PCS (personal communications services) licensees from quarterly to annual interest payments.

** The change in our opinion is not a surprise given the FCC previously "indefinitely" delayed quarterly payments on the debts.

** A potential change to annual installments does little to address the critical challenge facing many C-block license holders - their disproportionately high prices paid (compared to previous auction winners) makes obtaining financing nearly impossible, and therefore delays their entrance into the wireless marketplace.

** We believe any resolution to the debt outstanding will involve protected negotiations and probably ultimately result in one of two scenarios: (1) a revocation and rescission of the spectrum of defaulted C-block license owners or (2) an effective reduction of the present value of the debt owed to the FCC either through a reduction in principle value or extension/modification of payment terms.

Net-net: We reiterate that the continued delays in C-block financing are a positive for existing wireless carriers, both cellular and PCS, for two reasons: (1) it delays a new entrant in the marketplace and (2) any reduction/easing of financing terms will create a less desperate competitor and therefore more likely maintain a rational marketplace. In any case, it appears that the wireless marketplace in the next few years will be a less crowded space (4 players total) than originally envisioned twelve months ago. We would note the following three observations:

1. This extends the time to market lead enjoyed by existing new entrants
(PCS, or personal communications services) players such as Omnipoint
(OMPT-rated 25, target \$31), Western Wireless (WVCA-rated 25, target \$29)
and Aerial Communications (AERL-rated 35, target \$14) and would be buyers
of their stock.

2. Delays in the C-block also benefit the cellular incumbents including
360 Communications (MO-rated 2M, target \$30), AirTouch (ATF-rated 3M,
target \$28), Vanguard Cellular (VCCA-rated 3M, target \$14) as their
existing market share will be subject to less intense competition (one less
competitor). Still, we believe urban cellular carriers are subject to the
"cellular straight-jacket" and therefore remain cautious on AirTouch (see
our 1997 review dated May 15, 1997).

NATWEST SECURITIES

June 30, 1997

Volume 3, Issue 26

quotes, e-mail, fax, Internet, info-services, etc. An open protocol could hasten the development of larger scale wireless data services.

• **CLIMATE (GEMS 16 Vols)** introduced with cover by the

Don't miss it anywhere throughout Latin America. The STM has a special page in all issues of our local press.

order for an alphanumeric system is expandable to regional / nationwide and upgradeable to RATS-EX for two-way.

- BELL CANADA (BCE-528 3/16-NF) is considering fixed wireless as part of its \$200M local network upgrade.
- WINSTAR (WCL-513-NF) commenced commercial operations of its wireless local loop at 38 GHz in its 5th city, San Diego.

Winstar also received 4 new licenses from the FCC, giving it a footprint in 47 of the top 50 cities in the US.

Barometer: Telecom stock performance vs. S&P 500

2314

Month	Performance (%)
Dec-95	12
Jan-96	10
Feb-96	12
Mar-96	10
Apr-96	12
May-96	10
Jun-96	12
Jul-96	10
Aug-96	12
Sep-96	10
Oct-96	12
Nov-96	10
Dec-96	12
Jan-97	10
Feb-97	12
Mar-97	10
Apr-97	12
May-97	10
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Aug-97	12
Sep-97	10
Oct-97	12
Nov-97	10
Dec-97	12
Jan-98	10

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Christopher M. Larson, Tobacco-Industry Analyst

WHILE ON (212) 602-5400

WINDMILL CULINARY CONSULTING
Website: 907.731-0083; Fax: 907.476-6646

100 Carlton Parkway, St. Petersburg, FL 33714 • Research 800-337-3800 • Toll Free 800-337-6426 • Trading 800-337-6426
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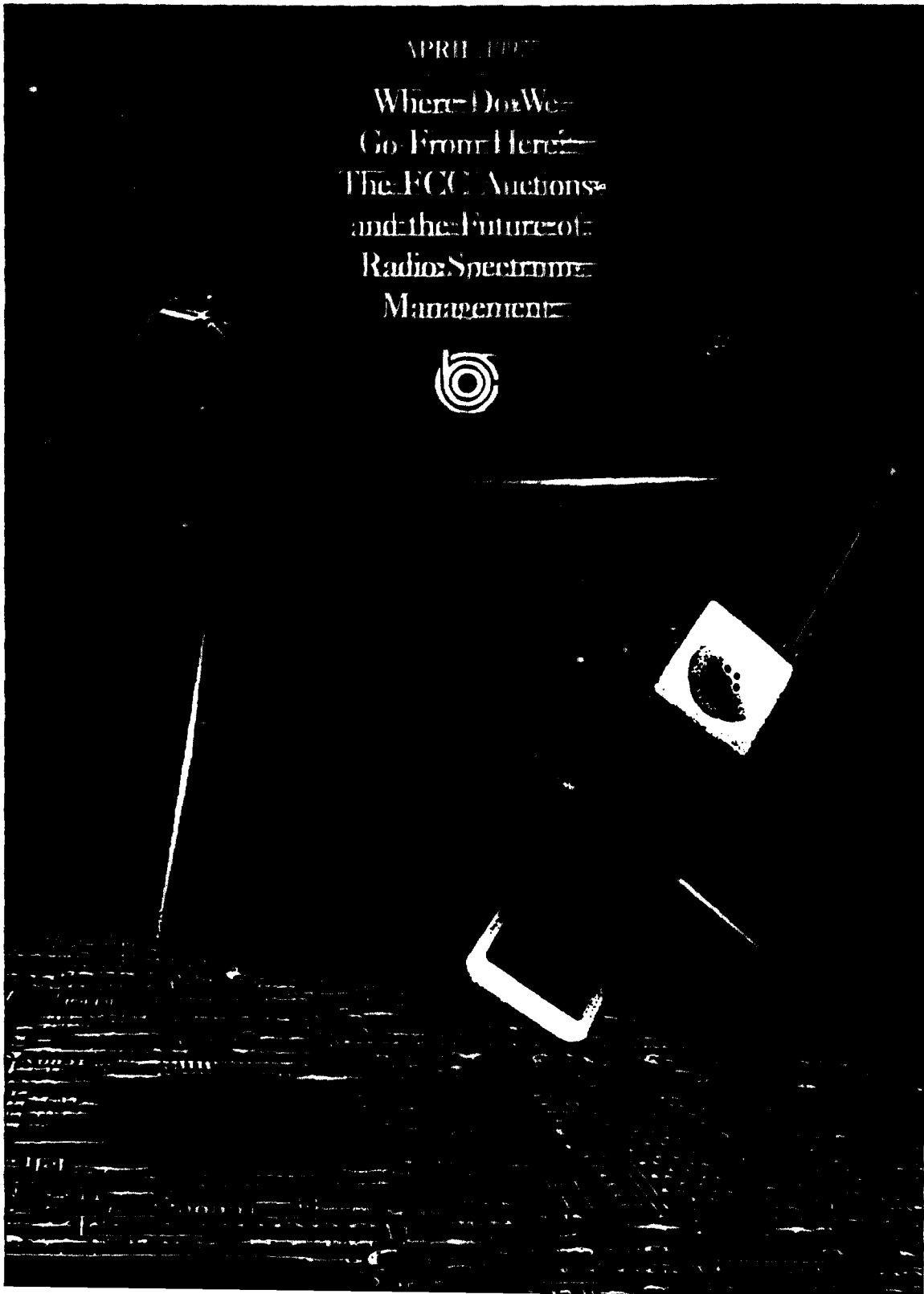
Appendix 3: CBO Report Excerpt

CONGRESS OF THE UNITED STATES
CONGRESSIONAL BUDGET OFFICE

A
CBO
STUDY

APRIL 1997

Where Do We
Go From Here?
The FCC Auctions
and the Future of
Radio Spectrum
Management



per-megahertz price paid for the Chicago licenses was \$1.05—notably higher than the prices paid for the single competitively auctioned licenses in the New York and Los Angeles markets (\$0.56 and \$0.86, respectively). Prices could be expected to vary between markets on the basis of consumer demographics—income and time spent commuting in automobiles, for example—but differences as large as those evident in the A&B block auction are too great to be explained by such factors.

Additional questions about the efficiency of the distribution of licenses in the A&B block auction and the two other broadband sales that followed it are raised when the average prices for licenses are compared. The average per-person, per-megahertz price in the A&B block was about \$0.50. The C block auction registered a substantially higher price of about \$1.35, which drops to about \$0.80 after adjusting for the terms of the installment payments available to the small businesses that won C block licenses (see Box 1, which discusses the differences in prices paid for licenses in the A&B and C block auctions). In contrast, the average price in the D,E&F auction was about \$0.35, lower than that reported in either of the broadband PCS auctions that preceded it. Prices could be expected to vary among the auctions because the licenses sold granted the right to use different-sized blocks of spectrum that allowed the licensee to operate in different-sized geographic areas. Nevertheless, the ranking of average prices from high to low corresponds to the potential competition in each of the auctions as measured by the eligibility ratio. That ratio was 6.7 for the C block sale, compared with 1.9 for the A&B block sale and 1.7 for the D,E&F sale.

Why wasn't the A&B block auction more competitive? Fewer bidders entered that auction because the FCC restricted participation by the current holders of cellular licenses and permitted would-be competitors to join forces before the auction began. Both decisions should be evaluated as trade-offs between ensuring competition in wireless telecommunications markets and ensuring competition in the auctions for licenses to participate in those markets. Specifically, the commission chose to sacrifice the opportunity to maximize auction receipts to ensure an adequate number of technically capable and financially sound service providers and, ultimately, to sustain the competitive pricing and services that such providers would bring to telecommunications markets.

Table 2.

Total Population in Markets for Personal Communications and Cellular Telephone Service Covered by the Three Largest Winners in the A&B Block Auction (In millions of people)

	Personal Communi- cations Services	Cellular Telephone Services	Total
AT&T	107.0	68.3 ^a	175
WirelessCo	144.9	28.4 ^b	173
PCS PrimeCo	57.2	110.4 ^c	167

SOURCE: Congressional Budget Office based on Peter Cramton, "The FCC Spectrum Auctions: An Early Assessment" (draft, University of Maryland, July 15, 1996), Table and Cellular Telephone Industry Association, *The Wireless Marketbook* (Spring 1996).

- a. Estimated as the difference between the total mobile telephone population as reported by the Cellular Telephone Industry Association and the total population in the personal communication services markets as reported by Cramton.
- b. Represents the cellular telephone markets of WirelessCo partners Comcast (7.6 million people) and Cox Communications (20.8 million people).
- c. Represents the cellular telephone markets of Bell Atlantic/NYNEX (57.7 million people) and AirTouch (55.2 million people) adjusted downward by 2.5 million people for overlapping licenses in Arizona markets.

The result of the A&B block auction that most strongly suggests an efficient distribution of license was the success of bidders in aggregating groups of licenses. Each of the three largest winning bidders—AT&T, WirelessCo, and PCS PrimeCo—won license that enable them to offer nationwide service.²⁴ The PCS licenses won by AT&T and PCS PrimeCo, when combined with the cellular telephone licenses that each bidder already owned, provide nearly complete national coverage. WirelessCo, the largest winner in the auction, had the smallest cellular coverage but won 29 PCS

24. WirelessCo is a combination of the long-distance telephone company Sprint and three large cable television companies (TCI, Comcast, and Cox Communications). After the A&B block auction, WirelessCo changed its name to SprintCom. PCS PrimeCo is a combination of three regional Bell operating companies (NYNEX, Bell Atlantic, and USWest) plus AirTouch (a spin-off of another former Bell company, PacTel), which provides cellular telephone service in PacTel's operating area.

Appendix 4: Powertel, Inc. Form S-4

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

POWERTEL, INC.
(Exact Name of Registrant as Specified in its Charter)

<TABLE>

<CAPTION>

<S>

<C>

<C>

Delaware

4812

58-1944750

(State or Other Jurisdiction of (Primary Standard Industrial (I.R.S. Employer Identification Number)
Incorporation or Organization) Classification Code Number)

</TABLE>

1233 O.G. Skinner Drive, West Point, Georgia 31833
(706) 645-2000
(Address, Including Zip Code, and Telephone Number, Including
Area Code, of Registrant's Principal Executive Offices)

Allen E. Smith
President and Chief Executive Officer
Powertel, Inc.
1233 O.G. Skinner Drive
West Point, Georgia 31833
(706) 645-2000
(706) 645-9523 (Fax)
(Name, Address, Including Zip Code, and Telephone Number, Including Area
Code, of Agent for Service)

With a Copy to:

Glenn W. Sturm, Esq.	Jill F. Dorsey, Esq.
James Walker, Esq.	Powertel, Inc.
Nelson Mullins Riley & Scarborough, L.L.P.	1233 O.G. Skinner Drive
First Union Plaza, Suite 1400	West Point, Georgia 31833
999 Peachtree Street, N.E.	(706) 645-2000
Atlanta, Georgia 30309	(706) 645-9523 (Fax)
(404) 817-6000	
(404) 817-6050 (Fax)	

MARCH 31, 1997		
	ACTUAL	AS ADJUSTED
(DOLLARS IN THOUSANDS)		
<S>	<C>	<C>
CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS.....	\$ 207,511	\$ 500,217
RESTRICTED CASH FOR PAYMENT OF INTEREST(A).....	\$ --	\$ 89,618
CASH HELD IN ESCROW(B).....	\$ --	\$ 5,405
CURRENT PORTION OF LONG-TERM DEBT.....	\$ 112	\$ 112
LONG-TERM DEBT:		
February 1996 Notes.....	223,080	223,080
April 1996 Notes.....	223,738	223,738
Notes.....	--	300,000
Vendor Financing Agreement.....	103,833	103,833
Other.....	715	325
Total long-term debt.....	551,366	850,976
STOCKHOLDERS' EQUITY:		
Preferred Stock -- Series A, \$.01 par value; 100,000 issued and outstanding; convertible.....	1	1
Preferred Stock -- Series B, \$.01 par value; 100,000 issued and outstanding; convertible.....	1	1
Preferred Stock -- Series C, \$.01 par value; 50,000 issued and outstanding; convertible.....	--	1
Preferred Stock -- Series D, \$.01 par value; 50,000 issued and outstanding; convertible.....	--	1
Common Stock, \$.01 par value, 55,000,000 shares authorized and 26,864,511 shares issued and outstanding(c).....	269	269
Additional paid-in capital.....	430,058	474,831
Accumulated deficit.....	(52,332)	(8,657)
Deferred compensation.....	(165)	(165)
Treasury stock.....	(345)	(345)
Total stockholders' equity.....	377,487	465,937
Total capitalization.....	\$ 928,965	\$ 1,317,025

</TABLE>

-
- (a) Reflects the estimated portion of the net proceeds from the Offering to be used to purchase Pledged Securities to secure the first six scheduled interest payments on the Notes. See "Description of the Notes -- Security."
 - (b) Reflects the \$5.4 million of proceeds from the Maine Disposition that is being held in escrow for indemnification or purchase price adjustment obligations.
 - (c) Includes 35,000 shares outstanding as of March 31, 1997 under the Company's 1995 Employee Restricted Stock Plan, but excludes 2,374,797 shares of Common Stock issuable upon exercise of stock options outstanding as of March 31, 1997. See "Management." Also excludes: (i) the 1,143,904 shares issuable upon exercise of the Warrants; (ii) the 9,090,900 shares of Common Stock issuable upon conversion of the Series A Convertible Preferred Stock and Series B Convertible Preferred Stock; and (iii) the 3,529,412 shares of Common Stock issuable upon conversion of the Series C Convertible Preferred Stock and Series D Convertible Preferred Stock. See "The Preferred Stock Sales."

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SELECTED HISTORICAL FINANCIAL INFORMATION

The following table sets forth certain selected historical financial information for the Company as of and for each of the years in the five-year period ended December 31, 1996 and as of and for the three months ended March 31, 1997 and 1996. The financial information as of and for each of the years in the five-year period ended December 31, 1996 was derived from the consolidated financial statements and notes thereto of the Company, which have been audited by Arthur Andersen LLP, independent public accountants. The financial information as of and for the three months ended March 31, 1997 and 1996 was derived from the unaudited financial statements of the Company. In the opinion of management, the unaudited financial statements include all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the information set forth herein. Operating results shown in the following table will not be indicative of future performance due to the capital requirements associated with the buildout of the Company's PCS System.

The selected historical financial information should be read in conjunction with "Pro Forma Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Company's consolidated financial statements and notes thereto and other financial and operating information included elsewhere in this Prospectus.

<TABLE>
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	THREE MONTHS ENDED MARCH 31.		YEAR ENDED DECEMBER 31.				
	1997	1996	1996	1995	1994	1993	1992
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
STATEMENT OF OPERATIONS DATA:							
Service revenues	\$ 14,084	\$ 6,996	\$ 31,875	\$ 25,384	\$ 18,903	\$ 8,228	\$ 6,235
Equipment sales	5,025	854	7,250	3,928	2,859	1,121	925
Total revenues and sales	19,109	7,850	39,125	29,312	21,762	9,349	7,160
Cost of services	5,428	684	5,811	2,394	1,921	574	442
Cost of equipment sales	11,987	694	11,653	3,127	2,391	1,010	828
Operations expenses	3,809	1,204	9,927	3,596	2,722	1,333	1,214
Selling and marketing	5,237	1,274	13,301	4,280	3,405	1,353	1,187
General and administrative	7,680	1,810	16,963	4,218	3,651	1,562	1,379
Depreciation	8,340	731	5,887	2,741	2,130	953	832
Amortization	1,178	881	4,214	2,360	1,543	890	735
Total operating expenses	43,659	7,278	67,756	22,716	17,763	7,675	6,617
Operating income (loss)	(24,550)	572	(28,631)	6,596	3,999	1,674	543
Interest (income) expense(a)	4,543	(739)	(3,175)	1,657	635	46	131
Miscellaneous (income) expense	473	303	1,226	(295)	(48)	48	260
Income (loss) before income taxes	(29,566)	1,008	(26,682)	5,234	3,412	1,580	152
Income tax (benefit) expense	--	472	(1,654)	2,230	1,535	567	52
Net income (loss) before cumulative effect	(29,566)	536	(25,028)	3,004	1,877	1,013	100
Cumulative effect of change in accounting principle, net of tax(b) .	--	(2,583)	(2,583)	--	--	--	--
Net income (loss)	\$ (29,566)	\$ (2,047)	\$ (27,611)	\$ 3,004	\$ 1,877	\$ 1,013	\$ 100

Earnings per share:

Net income (loss) before cumulative
effect of change

in accounting principle \$ (1.10) \$.03 \$ (1.00) \$.29 \$.19 \$.16 \$.02

Cumulative effect of change in

accounting principle, net of tax(b) -- (.13) (.10) -- -- -- --

Net income (loss) per share \$ (1.10) \$ (.10) \$ (1.10) \$.29 \$.19 \$.16 \$.02

Average common and common

equivalent shares outstanding 26,812,000 19,899,000 25,087,000 10,281,000 9,765,000 6,317,000 6,289,000

OTHER FINANCIAL AND OPERATING DATA:

EBITDA(c) \$ (12,244) \$ 4,193 \$ (2,466) \$ 11,992 \$ 7,720 \$ 3,469 \$ 1,850

Ratio of earnings to fixed

charges(d) -- -- -- 3.9x 5.5x 27.3x 2.1x

Capital expenditures \$ 36,209 \$ 10,874 \$ 233,551 \$ 7,661 \$ 2,866 \$ 1,105 \$ 921

Cellular subscribers at end

of period(e) 49,731 40,403 47,617 38,582 28,624 10,590 7,447

Net cellular population

equivalents(f) 737,800 737,800 737,800 732,900 728,200 281,800 277,400

PCS Subscribers at end of period 34,886 -- 14,892 -- -- -- --

Net PCS population equivalents(f) 24,293,000 17,460,000 17,460,000 -- -- -- --

</TABLE>

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<TABLE>

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	AT DECEMBER 31,					
	AT MARCH 31,					
	1997	1996	1995	1994	1993	1992
	(DOLLARS IN THOUSANDS)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE SHEET DATA:						
Working capital	\$ 200.646	\$ 256.349	\$ 977	\$ 2,710	\$ 547	\$ 908
Property and equipment, net	284.713	251.269	18,066	13,262	5,545	5,394
Licenses, goodwill and other						
intangibles, net	429.085	402.321	24,904	23,903	--	--
Total assets	973.094	947.117	74,330	50,812	10,517	8,721
Long-term obligations	551.366	504.065	29,411	11,030	2,019	2,194
Retained earnings						
(accumulated deficit)	(52.332)	(22.766)	4,845	1,841	(36)	(1,048)
Stockholders' equity	377.487	407.007	36,674	33,374	5,983	4,960

</TABLE>

- (a) The Company had interest income of \$3.3 million and \$2.3 million for the three months ended March 31, 1997 and 1996, respectively, and \$17.3 million for the year ended December 31, 1996. The Company had no interest income for the years ended December 31, 1995, 1994, 1993 and 1992. Excludes capitalized interest of \$6.7 million and \$2.7 million for the three months ended March 31, 1997 and 1996, respectively, and \$29.0 million for the year ended December 31, 1996. During the construction of the PCS System, the cost of the PCS licenses and the costs related to construction expenditures are considered to be assets qualifying for interest capitalization under FASB Statement No. 34 "Capitalization of Interest Cost." Accordingly, management expects that a majority of the interest on the February 1996 Notes, the April 1996 Notes, the Vendor Financing Agreement and the Notes will be capitalized during the construction of the PCS System. See "Pro Forma Financial Information."
- (b) During 1996, the Company changed its method of accounting for costs incurred in connection with certain promotional programs under which